

## Message Text

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51

ACTION ARA-20

INFO OCT-01 ADP-00 CPR-02 L-03 M-03 A-01 ABF-01 AID-20

OMB-01 TRSE-00 IO-13 EUR-25 RSR-01 RSC-01 /092 W

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P 271305Z JUL 73

FM AMEMBASSY MONTEVIDEO

TO SECSTATE WASHDC PRIORITY 4950

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E.O. 11652: N/A

TAGS: AFSHSN UY

SUBJ: EFFORT TO "TAX" EMBASSY IMPORTS

FOR ARA/EX

1. NATIONAL PORT AUTHORITY HAS RULED THAT SURCHARGE AMOUNTING TO 12 PERCENT (13 PERCENT IN CERTAIN CIRCUMSTANCES) OF CIF VALUE OF GOODS ENTERING URUGUAY MUST NOW BE PAID BY DIPLOMATIC MISSIONS, WHICH HAD BEEN EXEMPTED.

2. PORT AUTHORITY'S POSITION IS THAT CHARGE IS TO COVER HANDLING COSTS AND IS NOT A TAX. EMBASSY LEGAL ADVISOR BELIEVES IT CONSTITUTES AN AD VALOREM TAX. WE, OTHER EMBASSIES, AND UN MISSION HAVE RAISED MATTER WITH THE FOREIGN MINISTRY, AS HAS THE DEAN OF THE DIPLOMATIC CORPS. AS A RESULT, THE PORT AUTHORITIES BOARD OF DIRECTORS HAS AGREED TO SUSPEND TEMPORARILY COLLECTION FROM DIPLOMATIC MISSIONS OF PREVIOUSLY APPLIED UNLOADING FEES AND THE 12-13 PERCENT WHILE FOREIGN OFFICE LEGAL ADVISORS ATTEMPT TO COME UP WITH MUTUALLY AGREE-ABLE SOLUTION. DURING INTERIM ANY MISSION WISHING TO CLEAR CONSIGNMENTS MUST SIGN A STATEMENT THAT CHARGES ARE SUBJECT TO LATER SETTLEMENT (SUJETO A RELIQUIDACION). SOME MISSIONS ARE SIGNING IN ORDER TO OBTAIN NEEDED SHIPMENTS, OTHERS ARE NOT. THOSE SIGNING, INCLUDING UK AND UN, TELL US THEY HAVE NO INTENTION OF PAYING UNDER ANY CIRCUMSTANCES.

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3. PRINCIPLES ASIDE, SUCH CHARGE WOULD IMPOSE CONSIDERABLE

FINANCIAL BURDEN. FOR EXAMPLE, DOLS60-80 CHARGE ON BRINING IN DOLS 4,000 VEHICLE WOULD GO UP TO DOLS 480. A RECENT SHIPMENT OF MEDICAL EQUIPMENT VALUED AT DOLS 10,255.00 CAME IN FOR DOLS 3.00 WHEREAS THE NEW "HANDLING CHARGE" WOULD TOTAL MORE THAN DOLS 1,200., ETC.

4. SOMETHING SIMILAR WAS ATTEMPTED SOME YEARS AGO AND KILLED. HOWEVER, NEW PORT AUTHORITY BOARD IS MILITARY AND THIS INTRODUCES NEW ELEMENT IN INTRA-GOVERNMENTAL RELATIONS. THUS, WE CANNOT ASSUME THAT FOREIGN OFFICE WILL OVERRULE PORT BOARD, AT LEAST PROMPTLY.

5. REQUEST DEPARTMENT'S GUIDANCE AS TO HOW TO PROCEED. DESPITE OUR IMPRESSION THAT THIS IS TAX AND THEREFORE NOT APPLICABLE, WE ARE INCLINED TO SIGN NOW, OBTAIN URGENTLY NEEDED SHIPMENTS AND FIGHT ISSUE ALONG WITH OTHER MISSIONS, IF NEED BE, IN THE FUTURE. GIVEN NEED FOR SOME ITEMS NOW ON HOCKS, WE WOULD APPRECIATE HAVING REPLY NO LATER THAN COB JULY 31.  
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